

# POLITICAL NOTES

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## ON THE CLASS CHARACTER OF RUSSIA

### I n t r o d u c t i o n

This introduction has been added for the specific purpose of making it clear that the final victory of socialism is an international matter. The existence of a dictatorship of the proletariat in one country merely means that the world working class has triumphed in one battle. It does not mean - as the Stalinists maintain - that the world proletariat is excused from making any further revolutions; that we can peacefully sit on our hands and everything will work out for the best. Whatever the advances or retreats in Russia, the victory of socialism can only be won in the world arena thru the triumph of the world working class over the world capitalist class.

Capitalism in its imperialist stage is impossible without the world market and international division of labor. Socialism - the next higher stage of society - cannot develop cut off and apart from these 2 prerequisites of imperialism.

But a socialist economy, or even a planned transitional economy, is incompatible with the capitalist world market. The imperialists are forced by their contradictions to export goods and capital; and to use their control of commodities and their armed forces to promote this end. A planned transitional economy protected by a foreign trade monopoly offers the imperialists no opportunity for the export of capital and extraction of surplus value. Consequently, trade if any is carried on in an atmosphere of economic and political warfare. There cannot be any permanent peaceful trading - swapping of value for value - between them.

It is obvious then that the final solution of the problems faced by the Russian proletariat in building socialism can only come thru transformation of the capitalist world market into a socialist world market - thru the extension of the proletarian revolution thruout the world and particularly to those countries with imperialist economies. The treacherous action of the Stalinists in ignoring and denying this irreconcilable world conflict did not result in abolishing the conflict. Its only result was to give the initiative to the imperialist enemies of the world working class.

In the course of this struggle, so many contradictions and capitalist practices have been introduced into Russian transition economy by the bureaucracy of bourgeois elements and Stalinists, that many workers have drawn the conclusion that the dictatorship of the proletariat has ceased to exist, that the Russian state and economy are either capitalist or dominated by some new exploiting class. It is the purpose of this article to examine and refute these false conclusions.



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Now to the question of whether Russia is a capitalist country:

### T h e R e v o l u t i o n

To decide this question requires a knowledge of what the proletarian revolution accomplishes in its first steps. Let us project these first steps in US terms and apply what we find to Russia.

When the US working class takes power, it will make 2 fundamental changes in the mode of production.

1) Private appropriation of surplus value will be eliminated in the basic industries. Following the expropriation of the bourgeoisie, the major industries of the country will be nationalized and operated by the workers' government. Surplus value produced in these industries will revert to the workers' state - not to private individuals.

2) State direction of investments will replace the free circulation of capital. The banks, nationalized and operated by the workers' state, will invest funds in the various branches of industry according to the needs of the economy as determined by the workers state. No longer will capital circulate according to the whim of individual capitalists, withdrawn or invested in response to the varying rates of return.

As a result of these 2 things, production uninterrupted by capitalist crises will result and in agriculture a more planned use of land will take place. To generalize this: the proletarian revolution will eliminate the major capitalist contradiction of social production and private appropriation and with it the capitalist crises which have plagued capitalism from its inception.

### C a p i t a l i s t P h a s e s

In other respects, production under the workers state will have many capitalist aspects.

1) Commodities would still be produced for and distributed thru the market. The mass of commodities including those produced by the socialized sector of the economy would still be thrown on the market and the masses would still have to buy what they needed or desired.

2) Money would remain. Even tho its significance were somewhat reduced thru wages in kind or free housing, etc, it would continue to exist as a universal equivalent in which all commodities express their prices.

3) The wages system would remain in force. The commodity labor would still be bought and sold. The laborer would still receive a return based on the value necessary to reproduce his labor power instead of a return according to his need.

4) A large amount of petty bourgeois property and production would



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continue to exist. A whole sector of the economy would remain capitalist and be engaged in competition with the socialized sector of the economy.

5) The state apparatus would probably exceed in size the apparatus of the preceding bourgeois state. Functions previously carried on by the clerks and functionaries of private corporations would be incorporated into the state with a resulting increase in the size of the state apparatus.

If this picture differs from the rosy dreams some people have of the first stages of the dictatorship of the proletariat, we can only answer that it is scientifically correct and that it is a necessary first stage --- a first step.

### This is Not Socialism

Why is it necessary? Because even in the U.S. --- the most highly developed capitalist country --- the productive machine is not capable of producing plenty for all immediately. Only when this productive machine has been expanded under the dictatorship of the proletariat will it be possible to introduce socialism.

Take, for example, the question of bread production. The productive apparatus for bread --- wheat fields, storage space, transportation facilities, flour mills, bakeries, etc. --- which the dictatorship of the proletariat will take over from U.S. capitalism, this productive apparatus will be simply incapable of producing all the bread the country could use. Were the dictatorship of the proletariat to try immediately to distribute bread without cost, the productive apparatus could not keep up with the demand. Shortages would result. From these speculation would develop. Bread would again have a price despite the attempt of the state to absorb and spread the cost of producing bread over the whole economy. Only after a certain time has elapsed --- during which the proletarian dictatorship planfully expands the bread producing apparatus, during which bread production, unhampered by capitalist crises and contradictions, perhaps doubles or trebles --- only then could bread become as free as the air we breathe, for people to use much or little of according to need. Until that time bread must of necessity be a commodity to be bought and sold.

The productive machine --- freed from capitalist crises and expanded in a planned manner --- would produce plenty for all in one field after another. This would furnish the basis for a whole new set of social relations.

### But It Will Come

With the supply equalling demand, the market as we know it today would fade away. On the basis of plenty, wages would tend to become nominal. The distinctions between farmer, worker and professional would fade. The state power would tend to dissolve by a process of tremendous expansion. The arming of all the people would replace special bodies of armed men. More and more people being drawn into the administration of society, such administration would lose its character as a special craft and become an everyday affair.



An understanding of the above-mentioned transitional process --- we repeat, a necessary process; law and custom cannot jump ahead of their material base --- provides an answer to the state capitalist theories.

The first step after the proletarian revolution is, so to speak, "the rationalization of capitalism", i.e., carrying out to their logical conclusion the socialized aspects of capitalism. Lenin formulated it this way:

"In its first phase or first stage Communism cannot as yet be economically ripe and entirely free of all tradition and taint of capitalism. Hence the interesting phenomenon of Communism retaining, in its first phase, "the narrow horizon of bourgeois rights" Bourgeois rights with respect to the distribution of articles of consumption inevitably presupposes, of course, the existence of a bourgeois state, for rights are nothing without an apparatus capable of enforcing the observance of the rights.

"Consequently, for a certain time not only bourgeois rights but even the bourgeois state remains under Communism, without the bourgeoisie!"

With what content does Lenin fill Marx's phrase "the narrow horizon of bourgeois rights"? He puts it this way: "'The narrow horizon of bourgeois rights,' which compels one to calculate, with the hard-headedness of a Shylock, whether he has not worked a half hour more than another, whether he is not getting less pay than another..." And he points out that only on the basis of a tremendously increased productivity of labor, only on the basis of plenty for all, can society progress beyond bourgeois rights and substitute for them Communist rights summarized in the phrase: "From each according to his ability; to each according to his need."

### Now The State Capitalist Theory...

If in the first stage of the dictatorship of the proletariat the working class is forced to carry out the rationalization of capitalism --- elimination of capitalist crises by the elimination of private appropriation of surplus value and the substitution of state direction for the free circulation of capital --- then the arguments of the "state capitalism" school collapse like a house of cards.

The attempts of the ultra-lefts to prove that the Russian dictatorship of the proletariat is a capitalist society because bourgeois rights remain in the sphere of consumption are shown to prove nothing. We see that Lenin foresaw such a development as a necessary first phase of the proletarian dictatorship many years ago, before the revolution.

The point of vital interest to the world working class is the direction of development in this matter. On the basis of increasing production the bourgeois rights should decrease, become less important. Under the false and treacherous leadership of the bourgeois elements and Stalinists now in control of the Russian state the number and importance of bourgeois (private, individual) rights have increased over what they were in the earlier days of the revolution. This proves that the present leadership is undermining and weakening the proletarian dictatorship instead of moving toward socialism. This is the point about which to raise the alarm, to warn the Russians and



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world working class. But the calamity-howlers, the ultra-lefts, re-  
nounce the struggle. That which Lenin foresaw as a necessary  
phase even before the revolution, they use as an excuse to proclaim  
Russia capitalis t. As a result they completely forsake the vital  
and necessary struggle against the opportunist Russian bureaucracy.

On the one hand, all their arguments about the continuation after  
the revolution of the market, the wages system, wage differentials,  
etc. are empty talk. We have shown that sociey must of necessity putt  
up with these evils until such time that its economic machine is cap-  
a ble of producing plenty for all.

On the other hand, we can see now that the proponents of the idea  
that capitalism will develop into state capitalism --- the whole "sta-  
tism", "totalitarian" school which seeks to establish an identity be-  
tween fascism and the Russian dictatorship of the proletariat --- we  
see that these gentlemaen make a "slight" mistake. They "merely" put  
the c art before the horse. They expect and maintain that capitalism  
will be rationalized before the proletarian revolution. They expect  
the bourgeoisie to carry out that which can only be carried out by  
the revolutionary proletariat through a social revolution.

### Rejection Of Marxism

The fundamental Marxist thesis on this question is that the cap-  
italist class cannot overcome the contradiction between socialized  
production and individual appropriation. This contradiction is the  
basic cause of c apitalis t crises, imperialist wars and general  
decay. To remove it requires a social revolution carried through by  
the proletariat.

The idea that capitalism can develop into "state capitalism"  
means that the bourgeoisie can reform itself, that they can peace-  
fully transfer from one mode of production to another. Thus our  
super-revolutionists who jump to arms every time an official's car  
splashes mud on a Russian peasant --- these outraged emotional rad-  
icals --- tumble over backwards into reformism !

Equally reformist is the concept of this same school that once  
the proletarian revolution has taken place, a new bourgeoisie can de-  
velop on the bais of group or state appropriation of surplus value  
and state direction of investments. Inherent in this concept is the  
idea that, shriven by the fires of proletarian revolution, a bourge-  
oisie ha s developed which has "learned better", i.e., reformed its-  
self, and no longer demands private appropriation of surplus value  
and the free circulation of its capital. But then it is no longer  
a bourgeoisie ! Classes are determined by their relation to the means  
of production. The bourgeoisie is the bourgeoisie precisely because  
its members own the means of production privately and buy and sell  
the means of production, i.e., circulate their capital, privately.  
Once these two prerogatives are abolished, the economic basis of the  
bourgeoisie is abolis hed --- the bourgeois relationship to the  
means of production is made impossible. This is exactly what the  
first step of the dictatorship of the proletariat consists of ---  
elimination of the bourgeoisie as a class by denying it the possib-  
ility of continuing its classic relationship to the means of pro-



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duction. So long as this denial is effectively enforced with regard to the banks and the major means of production it is impossible to speak of the bourgeoisie --- in the form of "state capitalists" or any other form --- as being the dominant class. And this notwithstanding the fact that society will still be limited at this first stage by the "narrow horizon of bourgeois rights."

### The Economic Structure Established By October

What economic structure resulted from the October Revolution of 1917? We find that the bourgeoisie and the landlords were driven out and broken up as a class. Their capital in land and industry was expropriated. The banks and the major means of production were nationalized and operated by the soviet state. The land was nationalized and turned over to the peasantry in the form of individual holdings for use. This did not all occur at once but over a period of several years.

By 1921 the structure of the new economy had become clear and was formally recognized by the soviet state in a series of decrees which are generally referred to as the "New Economic Policy". Many consider that this was a "step backward" from "war communism." In actuality, it was a legal recognition of the status quo and a clearing away of various extraordinary measures taken to preserve the state under the pressure of military necessity. For example, requisitioning of grain from the peasantry was primarily a measure taken to win the civil war against the whites and throw back the imperialist interventions. The substitution of a fixed tax in grain cannot properly be considered a "retreat from communism".

We can see that the "New Economic Policy" represented the legal recognition of the new economy which had emerged from 4 years of revolution and civil war. The matter was so presented and argued by Lenin at the time.

What was this economy? Its major characteristics were:

- 1) the elimination of private appropriation of surplus value in the major industrial means of production. The banks, transportation, all the big factories and trusts were nationalized and in the hands of the soviet state.
- 2) The state directed the investment of capital for the expansion of these basic means of production.

In short, the soviet state had taken the first step toward socialism. Remaining were the market, money, the wages system, a tremendous sector of capitalist economy --- petty industrial commodity production and the petty commodity production of the peasants --- and a big state apparatus.

Developments prove, however, that a better, a higher mode of production was introduced by the revolution. In the period from 1921 to 1941, tremendous economic growth took place in the Soviet Union. According to Soviet figures, gross output of all industries in 1940 was  $8\frac{1}{2}$  times greater than that of 1913. The bulk of the increase was in producers' goods (15.5 times greater) whereas consumers goods rose at half the general rate of increase (4.9 times greater). (Yugov Russia's Economic Front in War and Peace, page 14).



Yugov summarizes it this way: "The growth of heavy industries has been on a vast scale; it has exceeded the rate of growth in the United States, Japan, Germany, and other countries even in their periods of highest economic progress." (Op. Cit., p.17, our emphasis). Trotsky (in The Revolution Betrayed, p.7) estimates that the output of coal, iron, and oil has increased 3 to 3½ times over that of 1913.

/Note On Yugov --- Yugov's figures prove conclusively that the socialized mode of production is tremendously superior to the capitalist. He gives the high points of increase in industrial output under capitalism:

United States	---	120	per cent increase	---	1880-90
England	---	29	" " "	---	1860-70
Germany	---	64	" " "	---	1880-90
Germany	---	81	" " "	---	1914-23
France	---	35	" " "	---	1900-10
France	---	120	" " "	---	1920-30
Russia	---	150	" " "	---	1890-00
Russia	---	68	" " "	---	1910-13

And he proceeds: "An increase of 650 per cent, such as took place in Soviet Russia in the twelve-year period from 1928 to 1940, is something that has no precedent in the economic history of the world."

But he raises a humanitarian objection: "...The tempos and methods by which the government is bringing about industrialization prove to be unbearable for the country...Such a phenomenal increase is eloquent testimony of the exceptional potentialities of a planned public economy, but at the same time it reflects the unheard-of strain which the population of the USSR had to undergo...The Soviet government extracted from the population, for purposes of long term investment, a larger share of the national income than has been attempted in any country in Europe or America." To substantiate which he gives the following data on percentage of national income put into long-term investments:

US - 1922-1932 - 9 per cent	Russia - 1929 - 22.6%
	1932 - 26.4%
	1937 - 28.3%

This question: isn't the strain of rapid socialized production "unbearable"? calls forth several answers. In the first place, it must be shown that the strain on Russia is greater than the strains imposed by capitalism in its first 30 years of rule --- say the period 1800-30 in France. Comparison is only valid between similar periods of development. Engel's Conditions of the English Working Class in 1844 shows the "unbearable" strain which capitalism in its development placed upon the workers. In the second place, putting one-quarter of the national income into long-term investment did not cause a break-down of Soviet economy, whereas in the U.S. a 10 year period of investing 9 per cent ended in a depression with millions unemployed, production stagnant, the whole financial system tottering. 9 per cent was truly unbearable for the United States./

We have here the proof that the elimination of capitalism's major contradiction --- social production and private appropriation --- has resulted in a rate of growth in production exceeding the highest rates ever achieved under capitalism. Within the socialized sector of Russian economy we have then a new and better mode of pro-



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duction in operation. Of this there can be no question.

But as explained above, the simple introduction of a better mode of production does not bring socialism overnight. The introduction of socialism requires the tremendous expansion of the means of production beyond anything the world has yet seen. When we examine the per capita production of the Soviet Union we find that the production and consumption of commodities per capita in the SU has not even caught up with the production of the advanced capitalist countries. Therefore, despite the tremendous increases in production, the Soviet Union not only has not yet achieved socialism but is still at the first stage --- the first step--- of the dictatorship of the proletariat. Only after the means of production have been tremendously more expanded can headway be expected in the "abolition of the narrow horizon of bourgeois rights" --- in the abolition of the market, money and the wages system.

### Role Of the Bureaucracy

Apoligists for the Russian bureaucracy are fond of citing the results of Russia's higher mode of production and using them to whitewash any and all bureaucratic crimes and betrayals. Nothing could be further from the truth.

The role of the Russian bureaucracy of bourgeois elements and Stalinists has been to thwart and hinder the development of Soviet economy. For better than 20 years this bureaucracy has fought against extension of the revolution to other lands and adhered to the preposterous theories and practices of "socialism in one country" until now they openly come out with purer and purer nationalism.

Until 1928, this bureaucracy opposed large-scale industrialisation. Driven to it by sheer necessity, they carried it through in a needlessly planless and adventurist fashion. When their contradictions caught up with them and created a crisis in the late thirties, their "solution" was terror against the workers (the purges) and new concessions to the bourgeois and petty-bourgeois elements (the Stalin Constitution). The greater equalization of income and greater democracy which should have accompanied economic progress have been blocked by the increasing share of the wealth appropriated by the peasantry and the various sectors of the bureaucracy and by the bureaucracy's arrogation to itself of the right to make all decisions.

Not only do these things impede economic and social progress; they weaken and undermine the dictatorship of the proletariat itself. And they provide the basis for a number of confused and backward workers to cry: "Russia is like a capitalist country."

### The Class Basis Of The Russian State

Many will argue that the economic developments within the SU do not decide definitely the class character of the state. They point to this large and privileged bureaucracy which exists, to laws and decrees reintroducing bourgeois practices in various spheres of life, to the deprivation of workers' rights, etc., and conclude therefore that the state is not working in the workers' interests and cannot be a workers' state. But superceding and overriding these con-



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siderations is the question: on what class in society could the Russian state possibly be based? The answer to that question fundamentally and decisively gives the answer to the class nature of the state. All the other considerations then fall into place as modifications and peculiarities. Our analysis has shown that the working class and only the working class can be the basis for the new mode of production in the Soviet Union.

Nor are there any indications of a "new" class. The crimes of the bureaucracy against the workers are in general to be characterized as the introduction of "old-fashioned", "ordinary" capitalist practices into the transition economy, not some "new" "state capitalist" economic forms. Where the interests of the working class demand the strictest centralization and rationalization of the economy, the bureaucracy introduces de-centralization and anarchy --- land nationalization weakened by proclaiming collective (a form of corporate) ownership of it "forever", more freedom of action for individual managers, rights to private fortunes for individuals and private farm-plots for peasants in the new constitution, destruction of the original soviet structure and decrease of representation for the people, introduction of the principle of representation by nationality, exclusion of the masses at every turn so that decisions represent the will of a small minority of alien classes instead of the centralized will of the masses.

The introduction of these capitalist practices weaken and undermine the dictatorship of the proletariat in Russia. They pave the way for its overthrow. But they do not change its fundamental class character. That can occur only through open counter-revolution; and/or victorious imperialist intervention.

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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. The letter is addressed to the Senate and House of Representatives, and is signed by Abraham Lincoln. The letter discusses the state of the Union and the progress of the war against the Confederacy. It also mentions the President's efforts to maintain the Union and his commitment to the principles of liberty and justice for all.